

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF OWEN ELECTRIC	)	
COOPERATIVE, INC. FOR AN ORDER	)	
ISSUING A CERTIFICATE OF PUBLIC	)	
CONVENIENCE AND NECESSITY AND FOR	)	CASE NO. 90-166
THE AUTHORITY TO BORROW A SUM OF	)	
\$2,236,458 FROM THE NRUCFC AND TO	)	
EXECUTE ITS NOTES AND MORTGAGES	)	
TO ENSURE SUCH LOAN	)	

INTERIM ORDER

Owen Electric Cooperative, Inc. ("Owen") filed its application on June 13, 1990 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow \$2,236,458 from the National Rural Utilities Cooperative Finance Corporation ("CFC"), and to execute its notes to secure such loan.

In support of its application, Owen filed its 1990-1992 Work Plan, which describes in detail the improvements and additions to plant that are required over the next 2 years to serve its load. These improvements and additions are estimated to cost \$7,192,645 and will be financed by loans of \$5,046,000 from the Rural Electrification Administration ("REA") and of \$2,236,458<sup>1</sup> from CFC.

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<sup>1</sup> The borrowing from CFC includes the purchase of capital term certificates, in an amount equal to 4 percent of the total CFC loan. CFC requires its borrowers to purchase these certificates.

Owen seeks authorization to construct extensions and additions to its plant as follows:

1. New Member Extension	\$ 3,110,430
2. Conversions, Tie Lines and Line Changes	2,643,425
3. Miscellaneous Distribution Equipment	373,040
4. Ordinary Replacements	335,000
5. Security Lights	207,270
6. Sectionalizing Devices	168,000
7. Increased Capacity of Existing Consumers	138,600
8. Regulators	132,180
9. SCADA and Load Management System	<u>84,700</u>
TOTAL	\$7,192,645

The proposed construction will enable Owen to continue to provide adequate and dependable service to its customers. The system improvements recommended in this Work Plan will not duplicate existing facilities and are needed to correct voltage problems, improve phase balance, and provide for improved service reliability.

On July 12, 1990, the Commission issued an Order requesting information from Owen regarding debt service requirements, loan approvals, Work Plan Cost Estimates and the beginning date of construction for the 1990-1992 Work Plan. In the response to the Commission's Order, Owen indicated that it had not received final approval for the REA and CFC loans. Therefore, the Commission

will defer ruling on the proposed borrowing from CFC. Owen should notify the Commission when it has received the requisite final loan approvals from REA and CFC, and its request for authorization to borrow from CFC will be considered at that time.

#### FINDINGS AND ORDERS

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Public convenience and necessity require the construction by Owen of the improvements and additions to its existing plant as described in its 1990-1992 Work Plan, and that a certificate should be granted.

2. Good cause exists to continue the financing application beyond the 60-day period contained in KRS 278.300(2).

IT IS THEREFORE ORDERED that:


1. Owen be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the construction and additions as set forth in its 1990-1992 Work Plan.


2. Within 10 days of its receipt of final loan approval, Owen shall notify the Commission in writing of the final loan approvals received from REA and CFC.

Done at Frankfort, Kentucky, this 7th day of September, 1990.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director